

BPA Policy 212-4

Personal Property Capitalization

Finance

Table of Contents

212-4.1 Purpose & Background	2
212-4.2 Policy Owner	2
212-4.3 Applicability	2
212-4.4 Terms & Definitions	2
212-4.5 Policy	2
212-4.6 Policy Exceptions	3
212-4.7 Responsibilities	3
212-4.8 Standards & Procedures	3
212-4.9 Performance & Monitoring	3
212-4.10 Authorities & References	3
212-4.11 Review	3
212-4.12 Revision History	4



212-4.1 Purpose & Background

The purpose of this policy is to provide an operating definition of what constitutes personal property and to provide the applicable capitalization threshold.

Bonneville Power Administration (BPA) operations are governed largely by four statutes: the Pacific Northwest Electric Power Planning and Conservation Act of 1980, the Federal Columbia River Transimission System Act of 1974, the Pacific Northwest Consumer Power Preference Act of 1964, and the Bonneville Project Act of 1937. These statutes confer on BPA its own statutory authority for acquiring, holding or disposing of real and personal property, including managing its property.

With implementation of BPA's Enterprise Resource Planning system, there was a desire to revisit the threshold to determine the adequacy of the threshold and whether a threshold change was warranted. Based on extensive analysis and benchmarking with other entities, both governmental and electric utilities, in 1999 the threshold was increased from \$3,000 to \$10,000. The threshold increased to reduce record-keeping and to comport to industry trends.

212-4.2 Policy Owner

- A. BPA's Chief Financial Officer is the owner of this policy. BPA's CFO is delegated the authority by the Administrator to provide, on a BPA-wide basis, those financial management systems, policies, and procedures deemed necessary to keep complete and accurate accounts of operations, including all funds expended and received in connection with acquisition, transmission, and sale of electric energy and other BPA services.

212-4.3 Applicability

All BPA employees.

212-4.4 Terms & Definitions

Capitalize: Delays the recognition of expenses by recording the expense as long-term assets.

Personal property: Includes all items that are moveable in nature and have not become a physical part of a utility plant asset.

212-4.5 Policy

The dollar threshold for capitalizing personal property is **\$10,000**. The \$10,000 threshold is reached when one individual unit costs \$10,000 or more.

When determining if the threshold has been reached, it is **not** permissible to combine individual units under one purchase to reach the \$10,000 mark. As an example, five desks that cost \$2,000 each would not be eligible for capitalization. However, one desk that cost \$10,000 would be eligible for capitalization.

Organization Finance		Title/Subject Personal Property Capitalization Policy		Unique ID 212-4	
Author Lorinda Limpf	Approved by Chief Financial Officer – N. Mitman	Date September, 28, 2015		Version #1	Page 2

In the event a component piece can not operate independently from the overall unit and is required for the functionality of that unit, then the total of the subcomponents are included in the overall cost of the main unit for purposes of determining the threshold.

212-4.6 Policy Exceptions

Personal property does **not** include software or real property-land (generally anything that is erected upon or affixed to land), refer to Computer Software Capitalization & Exp Policy; Property, Plant & Equipment Policy; and Land and Land Rights Policy for further guidance.

212-4.7 Responsibilities

- A. **Manager of Accounting and Reporting & Accounting Officer** (Accounting Officer): Responsible for establishing policy, operational procedures and practices that implement reporting and accounting guidance and relevant training to ensure that the work results conform to the established policies.
- B. **Accounting and Reporting Managers:** Provide functional guidance and oversight to BPA's financial management systems and establish BPA and FCRPS requirements and reporting mechanisms to ensure adequacy of internal controls and compliance with applicable laws, regulations, and internal directives.
- C. **BPA Staff and Subject Matter Experts:** Are responsible for following this policy.

214-4.8 Standards & Procedures

A-123 narratives related to WO processes throughout BPA.

212-4.9 Performance & Monitoring

Compliance with this policy is through A-123 internal controls. Authorities & References.

212-4.10 Authorities & References

- A. [Electronic Code of Federal Regulations](#), Title 41: Public Contracts and Property Management, § 102-36.40.
- B. Black's Law Dictionary. Fourth Edition. The Publisher's Editorial Staff. St.Paul, Minnesota, 1951.
- C. Pacific Northwest Electric Power Planning and Conservation Act of 1980.
- D. Federal Columbia River Transmission System Act of 1974.
- E. Pacific Northwest Consumer Power Preference Act of 1964.
- F. Bonneville Project Act of 1937.

212-4.11 Review

This policy is scheduled for review in Jan. 2017.

Organization Finance		Title/Subject Personal Property Capitalization Policy		Unique ID 212-4	
Author Lorinda Limpf	Approved by Chief Financial Officer – N. Mitman	Date September, 28, 2015		Version #1	Page 3

212-4.12 Revision History

Version	Issue Date	Description of Change
1	09-28-2015	Migration of content to new policy format.

Organization Finance		Title/Subject Personal Property Capitalization Policy		Unique ID 212-4	
Author Lorinda Limpf	Approved by Chief Financial Officer – N. Mitman		Date September, 28, 2015	Version #1	Page 4